

# Group information

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**Basis of preparation** BP prepares its consolidated financial statements included within *BP Financial and Operating Information 2006-2010* on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the group's consolidated financial statements for the periods presented. The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing *BP Annual Report and Form 20-F 2011*, which do not differ significantly from those used in the *BP Annual Report and Form 20-F 2010*.

## Financial performance

### Highlights

	2006 <sup>b</sup>	2007	2008	2009	2010
Replacement cost profit (loss) for the year (\$ million)	22,537	18,370	25,593	13,955	<b>(4,914)</b>
per ordinary share (cents)	112.52	95.85	136.20	74.49	<b>(26.17)</b>
per American depositary share (dollars) <sup>a</sup>	6.75	5.75	8.17	4.47	<b>(1.57)</b>

<sup>a</sup> One American depositary share (ADS) is equivalent to six 25-cent ordinary shares.

<sup>b</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

### External environment

	2006	2007	2008	2009	2010
BP average liquids realizations (\$ per barrel (\$/bbl)) <sup>a, b</sup>	59.23	67.45	90.20	56.26	<b>73.41</b>
BP average natural gas realizations (\$ per thousand cubic feet (\$/mcf)) <sup>b</sup>	4.72	4.53	6.00	3.25	<b>3.97</b>
Refining marker margin (\$/bbl) <sup>c</sup>	15.70	17.24	15.11	9.19	<b>10.02</b>

<sup>a</sup> Crude oil and natural gas liquids (NGLs).

<sup>b</sup> Realizations are based on sales of consolidated subsidiaries only, which excludes equity-accounted entities.

<sup>c</sup> From 2011, we will be reporting a new refining indicator margin, replacing the GIM, which we call the refining marker margin (RMM). The refining marker margin is the average of regional indicator margins weighted for BP's crude refining capacity in each region. Each regional marker margin is based on product yields and a marker crude oil deemed appropriate for the region. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

## Group income statement

For the year ended 31 December					\$ million
	2006 <sup>d</sup>	2007	2008	2009	2010
Sales and other operating revenues	265,906	284,365	361,143	239,272	<b>297,107</b>
Earnings from jointly controlled entities – after interest and tax	3,553	3,135	3,023	1,286	<b>1,175</b>
Earnings from associates – after interest and tax	442	697	798	2,615	<b>3,582</b>
Interest and other income	701	754	736	792	<b>681</b>
Gains on sale of businesses and fixed assets	3,714	2,487	1,353	2,173	<b>6,383</b>
<b>Total revenues and other income</b>	<b>274,316</b>	<b>291,438</b>	<b>367,053</b>	<b>246,138</b>	<b>308,928</b>
Purchases	(187,183)	(200,766)	(266,982)	(163,772)	<b>(216,211)</b>
Production and manufacturing expenses	(21,730)	(24,225)	(26,756)	(23,202)	<b>(64,615)</b>
Production and similar taxes	(5,184)	(5,703)	(8,953)	(3,752)	<b>(5,244)</b>
Depreciation, depletion and amortization	(9,128)	(10,579)	(10,985)	(12,106)	<b>(11,164)</b>
Impairment and losses on sale of businesses and fixed assets	(549)	(1,679)	(1,733)	(2,333)	<b>(1,689)</b>
Exploration expense	(1,045)	(756)	(882)	(1,116)	<b>(843)</b>
Distribution and administration expenses <sup>a</sup>	(14,447)	(15,371)	(15,412)	(14,038)	<b>(12,555)</b>
Fair value gain (loss) on embedded derivatives	608	(7)	(111)	607	<b>(309)</b>
<b>Profit (loss) before interest and taxation from continuing operations</b>	<b>35,658</b>	<b>32,352</b>	<b>35,239</b>	<b>26,426</b>	<b>(3,702)</b>
Finance costs	(986)	(1,393)	(1,547)	(1,110)	<b>(1,170)</b>
Net finance income (expense) relating to pensions and other post-retirement benefits	470	652	591	(192)	<b>47</b>
<b>Profit (loss) before taxation from continuing operations</b>	<b>35,142</b>	<b>31,611</b>	<b>34,283</b>	<b>25,124</b>	<b>(4,825)</b>
Taxation	(12,516)	(10,442)	(12,617)	(8,365)	<b>1,501</b>
<b>Profit (loss) from continuing operations</b>	<b>22,626</b>	<b>21,169</b>	<b>21,666</b>	<b>16,759</b>	<b>(3,324)</b>
Profit (loss) from Innovene operations	(25)	–	–	–	<b>–</b>
<b>Profit (loss) for the year</b>	<b>22,601</b>	<b>21,169</b>	<b>21,666</b>	<b>16,759</b>	<b>(3,324)</b>
Attributable to					
BP shareholders	22,315	20,845	21,157	16,578	<b>(3,719)</b>
Minority interest	286	324	509	181	<b>395</b>
	<b>22,601</b>	<b>21,169</b>	<b>21,666</b>	<b>16,759</b>	<b>(3,324)</b>
Earnings per share – cents					
Profit (loss) for the year attributable to BP shareholders					
Basic	111.41	108.76	112.59	88.49	<b>(19.81)</b>
Diluted	110.56	107.84	111.56	87.54	<b>(19.81)</b>
<b>Replacement cost results<sup>b,c</sup></b>					
Profit (loss) for the year	22,315	20,845	21,157	16,578	<b>(3,719)</b>
Inventory holding (gains) losses, net of tax	222	(2,475)	4,436	(2,623)	<b>(1,195)</b>
<b>Replacement cost profit (loss) for the year</b>	<b>22,537</b>	<b>18,370</b>	<b>25,593</b>	<b>13,955</b>	<b>(4,914)</b>
<sup>a</sup> Research and development expenditure amounted to	395	566	595	587	<b>780</b>

<sup>b</sup> Replacement cost profit or loss reflects the replacement cost of supplies. The replacement cost profit or loss for the period is arrived at by excluding from profit or loss inventory holding gains and losses and their associated tax effect. Replacement cost profit or loss for the group is not a recognized generally accepted accounting practice (GAAP) measure. The equivalent measure on an International Finance Reporting Standards (IFRS) basis is 'profit (loss) for the year'. Inventory holding gains and losses represent the difference between the cost of sales calculated using the average cost to BP of supplies acquired during the period and the cost of sales calculated on the first-in first-out (FIFO) method after adjusting for any changes in provisions where the net realizable value of the inventory is lower than its cost. Under the FIFO method, which we use for IFRS reporting, the cost of inventory charged to the income statement is based on its historic cost of purchase, or manufacture rather than its replacement cost. In volatile energy markets, this can have a significant distorting effect on reported income. The amounts disclosed represent the difference between the charge (to the income statement) for inventory on a FIFO basis (after adjusting for any related movements in net realizable value provisions) and the charge that would have arisen if an average cost of supplies was used for the period. For this purpose, the average cost of supplies during the period is principally calculated on a monthly basis by dividing the total cost of inventory acquired in the period by the number of barrels acquired. The amounts disclosed are not separately reflected in the financial statements as a gain or loss. No adjustment is made in respect of the cost of inventories held as part of a trading position and certain other temporary inventory positions. Management believes this information is useful to illustrate to investors the fact that crude oil and product prices can vary significantly from period to period and that the impact on our reported result under IFRS can be significant. Inventory holding gains and losses vary from period to period due principally to changes in oil prices as well as changes to underlying inventory levels. In order for investors to understand the operating performance of the group excluding the impact of oil price changes on the replacement of inventories, and to make comparisons of operating performance between reporting periods, BP's management believes it is helpful to disclose this information.

<sup>c</sup> Profit (loss) attributable to BP shareholders.

<sup>d</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Summarized group income statement by quarter

	Q1	Q2 <sup>b</sup>	Q3	Q4	2006 <sup>b</sup>	Q1	Q2	Q3	Q4	2007
<b>Replacement cost results</b>										
Replacement cost profit (loss) before interest and tax <sup>a</sup>										
By business										
Exploration and Production	7,126	8,244	10,078	5,578	<b>31,026</b>	6,306	7,119	6,307	7,870	<b>27,602</b>
Refining and Marketing	1,498	2,358	1,480	325	<b>5,661</b>	804	2,742	371	(1,296)	<b>2,621</b>
Other businesses and corporate	(89)	(177)	(225)	(350)	<b>(841)</b>	(98)	(173)	(511)	(427)	<b>(1,209)</b>
Gulf of Mexico oil spill response	–	–	–	–	–	–	–	–	–	–
Consolidation adjustment	(24)	(260)	436	(87)	<b>65</b>	42	(98)	103	(267)	<b>(220)</b>
Replacement cost profit (loss) before interest and tax from continuing operations	8,511	10,165	11,769	5,466	<b>35,911</b>	7,054	9,590	6,270	5,880	<b>28,794</b>
Finance costs and net finance income (expense) relating to pensions and other post-retirement benefits	(143)	(107)	(117)	(149)	<b>(516)</b>	(171)	(155)	(173)	(242)	<b>(741)</b>
Replacement cost profit (loss) before taxation from continuing operations	8,368	10,058	11,652	5,317	<b>35,395</b>	6,883	9,435	6,097	5,638	<b>28,053</b>
Taxation on a replacement cost basis	(2,810)	(3,241)	(4,824)	(1,672)	<b>(12,547)</b>	(2,357)	(2,882)	(1,982)	(2,138)	<b>(9,359)</b>
Replacement cost profit (loss) from continuing operations	5,558	6,817	6,828	3,645	<b>22,848</b>	4,526	6,553	4,115	3,500	<b>18,694</b>
Replacement cost profit (loss) from Innovene operations	(103)	78	–	–	<b>(25)</b>	–	–	–	–	–
Replacement cost profit (loss) for the period	5,455	6,895	6,828	3,645	<b>22,823</b>	4,526	6,553	4,115	3,500	<b>18,694</b>
Attributable to										
BP shareholders	5,384	6,818	6,765	3,570	<b>22,537</b>	4,444	6,488	4,043	3,395	<b>18,370</b>
Minority interest	71	77	63	75	<b>286</b>	82	65	72	105	<b>324</b>
Replacement cost profit (loss) for the period	5,455	6,895	6,828	3,645	<b>22,823</b>	4,526	6,553	4,115	3,500	<b>18,694</b>
Earnings on replacement cost profit (loss) per ordinary share – cents	26.24	33.75	34.06	18.47	<b>112.52</b>	22.93	33.75	21.27	17.90	<b>95.85</b>
per ADS – dollars	1.57	2.03	2.04	1.11	<b>6.75</b>	1.38	2.03	1.28	1.07	<b>5.75</b>
Replacement cost profit (loss) for the period	5,455	6,895	6,828	3,645	<b>22,823</b>	4,526	6,553	4,115	3,500	<b>18,694</b>
Inventory holding gains (losses), net of tax	239	763	(534)	(690)	<b>(222)</b>	220	888	363	1,004	<b>2,475</b>
Profit (loss) for the period	5,694	7,658	6,294	2,955	<b>22,601</b>	4,746	7,441	4,478	4,504	<b>21,169</b>
Earnings on profit (loss) per ordinary share – cents										
Basic	27.40	37.49	31.46	15.04	<b>111.41</b>	24.06	38.37	23.18	23.15	<b>108.76</b>
Diluted	27.13	37.12	31.40	14.88	<b>110.56</b>	23.94	38.18	23.07	22.65	<b>107.84</b>
per ADS – dollars										
Basic	1.64	2.25	1.89	0.90	<b>6.68</b>	1.44	2.30	1.39	1.39	<b>6.52</b>
Diluted	1.63	2.23	1.88	0.89	<b>6.63</b>	1.44	2.29	1.38	1.36	<b>6.47</b>
Earnings on profit (loss) from continuing operations per ordinary share – cents										
Basic	27.90	37.12	31.46	15.04	<b>111.54</b>	24.06	38.37	23.18	23.15	<b>108.76</b>
Diluted	27.63	36.74	31.40	14.88	<b>110.68</b>	23.94	38.18	23.07	22.65	<b>107.84</b>
per ADS – dollars										
Basic	1.67	2.23	1.89	0.90	<b>6.69</b>	1.44	2.30	1.39	1.39	<b>6.52</b>
Diluted	1.66	2.20	1.88	0.89	<b>6.64</b>	1.44	2.29	1.38	1.36	<b>6.47</b>

<sup>a</sup> Replacement cost profit or loss is before inventory holding gains and losses. See page 7 for more information.

<sup>b</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Summarized group income statement by quarter continued

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
10,072	10,771	12,709	4,756	<b>38,308</b>	4,320	5,046	6,929	8,505	<b>24,800</b>	8,292	6,244	8,350	8,000	<b>30,886</b>	
1,249	539	1,972	416	<b>4,176</b>	1,090	680	916	(1,943)	<b>743</b>	729	2,075	1,787	964	<b>5,555</b>	
(213)	(314)	(16)	(680)	<b>(1,223)</b>	(761)	(583)	(586)	(392)	<b>(2,322)</b>	(328)	(70)	(568)	(550)	<b>(1,516)</b>	
—	—	—	—	—	—	—	—	—	—	—	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>	
(784)	(221)	838	633	<b>466</b>	(405)	76	104	(492)	<b>(717)</b>	208	98	85	56	<b>447</b>	
10,324	10,775	15,503	5,125	<b>41,727</b>	4,244	5,219	7,363	5,678	<b>22,504</b>	8,901	(23,845)	1,998	7,460	<b>(5,486)</b>	
(246)	(221)	(238)	(251)	<b>(956)</b>	(368)	(321)	(311)	(302)	<b>(1,302)</b>	(228)	(214)	(335)	(346)	<b>(1,123)</b>	
10,078	10,554	15,265	4,874	<b>40,771</b>	3,876	4,898	7,052	5,376	<b>21,202</b>	8,673	(24,059)	1,663	7,114	<b>(6,609)</b>	
(3,729)	(3,696)	(5,099)	(2,145)	<b>(14,669)</b>	(1,454)	(1,714)	(2,052)	(1,846)	<b>(7,066)</b>	(2,966)	7,188	272	(2,404)	<b>2,090</b>	
6,349	6,858	10,166	2,729	<b>26,102</b>	2,422	3,184	5,000	3,530	<b>14,136</b>	5,707	(16,871)	1,935	4,710	<b>(4,519)</b>	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6,349	6,858	10,166	2,729	<b>26,102</b>	2,422	3,184	5,000	3,530	<b>14,136</b>	5,707	(16,871)	1,935	4,710	<b>(4,519)</b>	
6,231	6,746	10,029	2,587	<b>25,593</b>	2,387	3,140	4,981	3,447	<b>13,955</b>	5,598	(16,973)	1,847	4,614	<b>(4,914)</b>	
118	112	137	142	<b>509</b>	35	44	19	83	<b>181</b>	109	102	88	96	<b>395</b>	
6,349	6,858	10,166	2,729	<b>26,102</b>	2,422	3,184	5,000	3,530	<b>14,136</b>	5,707	(16,871)	1,935	4,710	<b>(4,519)</b>	
33.01	35.83	53.43	13.93	<b>136.20</b>	12.75	16.76	26.59	18.38	<b>74.49</b>	29.82	(90.35)	9.83	24.55	<b>(26.17)</b>	
1.98	2.15	3.21	0.84	<b>8.17</b>	0.77	1.01	1.60	1.10	<b>4.47</b>	1.79	(5.42)	0.59	1.47	<b>(1.57)</b>	
6,349	6,858	10,166	2,729	<b>26,102</b>	2,422	3,184	5,000	3,530	<b>14,136</b>	5,707	(16,871)	1,935	4,710	<b>(4,519)</b>	
863	2,612	(1,980)	(5,931)	<b>(4,436)</b>	175	1,245	355	848	<b>2,623</b>	481	(177)	(62)	953	<b>1,195</b>	
7,212	9,470	8,186	(3,202)	<b>21,666</b>	2,597	4,429	5,355	4,378	<b>16,759</b>	6,188	(17,048)	1,873	5,663	<b>(3,324)</b>	
37.58	49.70	42.93	(17.62)	<b>112.59</b>	13.69	23.41	28.48	22.90	<b>88.49</b>	32.39	(91.29)	9.50	29.62	<b>(19.81)</b>	
37.25	49.23	42.56	(17.62)	<b>111.56</b>	13.54	23.16	28.18	22.64	<b>87.54</b>	31.99	(91.29)	9.38	29.28	<b>(19.81)</b>	
2.25	2.98	2.58	(1.06)	<b>6.75</b>	0.82	1.40	1.71	1.37	<b>5.31</b>	1.94	(5.48)	0.57	1.78	<b>(1.19)</b>	
2.24	2.95	2.55	(1.06)	<b>6.69</b>	0.81	1.39	1.69	1.36	<b>5.25</b>	1.92	(5.48)	0.59	1.76	<b>(1.19)</b>	
37.58	49.70	42.93	(17.62)	<b>112.59</b>	13.69	23.41	28.48	22.90	<b>88.49</b>	32.39	(91.29)	9.50	29.62	<b>(19.81)</b>	
37.25	49.23	42.56	(17.62)	<b>111.56</b>	13.54	23.16	28.18	22.64	<b>87.54</b>	31.99	(91.29)	9.38	29.28	<b>(19.81)</b>	
2.25	2.98	2.58	(1.06)	<b>6.75</b>	0.82	1.40	1.71	1.37	<b>5.31</b>	1.94	(5.48)	0.57	1.78	<b>(1.19)</b>	
2.24	2.95	2.55	(1.06)	<b>6.69</b>	0.81	1.39	1.69	1.36	<b>5.25</b>	1.92	(5.48)	0.59	1.76	<b>(1.19)</b>	

## Replacement cost profit (loss) before interest and tax by business and geographical area

	Q1	Q2 <sup>a</sup>	Q3	Q4	2006 <sup>a</sup>	Q1	Q2	Q3	Q4	2007
<b>By business</b>										
Exploration and Production										
US	2,500	2,476	3,958	1,068	<b>10,002</b>	1,731	2,183	1,775	2,240	<b>7,929</b>
Non-US	4,626	5,768	6,120	4,510	<b>21,024</b>	4,575	4,936	4,532	5,630	<b>19,673</b>
	7,126	8,244	10,078	5,578	<b>31,026</b>	6,306	7,119	6,307	7,870	<b>27,602</b>
Refining and Marketing										
US	636	1,250	388	(416)	<b>1,858</b>	129	966	(522)	(1,805)	<b>(1,232)</b>
Non-US	862	1,108	1,092	741	<b>3,803</b>	675	1,776	893	509	<b>3,853</b>
	1,498	2,358	1,480	325	<b>5,661</b>	804	2,742	371	(1,296)	<b>2,621</b>
Other businesses and corporate										
US	(98)	(27)	58	(342)	<b>(409)</b>	(133)	(128)	(363)	(336)	<b>(960)</b>
Non-US	9	(150)	(283)	(8)	<b>(432)</b>	35	(45)	(148)	(91)	<b>(249)</b>
	(89)	(177)	(225)	(350)	<b>(841)</b>	(98)	(173)	(511)	(427)	<b>(1,209)</b>
	8,535	10,425	11,333	5,553	<b>35,846</b>	7,012	9,688	6,167	6,147	<b>29,014</b>
Gulf of Mexico oil spill response	-	-	-	-	-	-	-	-	-	-
Consolidation adjustment	(24)	(260)	436	(87)	<b>65</b>	42	(98)	103	(267)	<b>(220)</b>
<b>Total for continuing operations</b>	<b>8,511</b>	<b>10,165</b>	<b>11,769</b>	<b>5,466</b>	<b>35,911</b>	<b>7,054</b>	<b>9,590</b>	<b>6,270</b>	<b>5,880</b>	<b>28,794</b>
Innovene operations										
US	7	(6)	-	15	<b>16</b>	-	-	-	-	-
Non-US	(103)	(82)	-	(15)	<b>(200)</b>	-	-	-	-	-
	(96)	(88)	-	-	<b>(184)</b>	-	-	-	-	-
<b>Total for period</b>	<b>8,415</b>	<b>10,077</b>	<b>11,769</b>	<b>5,466</b>	<b>35,727</b>	<b>7,054</b>	<b>9,590</b>	<b>6,270</b>	<b>5,880</b>	<b>28,794</b>
<b>By geographical area</b>										
US	3,071	3,432	4,784	230	<b>11,517</b>	1,756	2,933	983	(91)	<b>5,581</b>
Non-US	5,440	6,733	6,985	5,236	<b>24,394</b>	5,298	6,657	5,287	5,971	<b>23,213</b>
<b>Total for continuing operations</b>	<b>8,511</b>	<b>10,165</b>	<b>11,769</b>	<b>5,466</b>	<b>35,911</b>	<b>7,054</b>	<b>9,590</b>	<b>6,270</b>	<b>5,880</b>	<b>28,794</b>

<sup>a</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Replacement cost profit (loss) before interest and tax by business and geographical area continued

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
3,085	3,601	3,739	1,299	<b>11,724</b>	1,143	1,161	1,864	2,517	<b>6,685</b>	2,762	1,798	3,602	1,522	<b>9,684</b>	
6,987	7,170	8,970	3,457	<b>26,584</b>	3,177	3,885	5,065	5,988	<b>18,115</b>	5,530	4,446	4,748	6,478	<b>21,202</b>	
10,072	10,771	12,709	4,756	<b>38,308</b>	4,320	5,046	6,929	8,505	<b>24,800</b>	8,292	6,244	8,350	8,000	<b>30,886</b>	
154	(401)	338	(735)	<b>(644)</b>	308	(326)	(229)	(2,331)	<b>(2,578)</b>	(63)	757	220	21	<b>935</b>	
1,095	940	1,634	1,151	<b>4,820</b>	782	1,006	1,145	388	<b>3,321</b>	792	1,318	1,567	943	<b>4,620</b>	
1,249	539	1,972	416	<b>4,176</b>	1,090	680	916	(1,943)	<b>743</b>	729	2,075	1,787	964	<b>5,555</b>	
(152)	(185)	(288)	(277)	<b>(902)</b>	(279)	(129)	(179)	(141)	<b>(728)</b>	(231)	(119)	(156)	(225)	<b>(731)</b>	
(61)	(129)	272	(403)	<b>(321)</b>	(482)	(454)	(407)	(251)	<b>(1,594)</b>	(97)	49	(412)	(325)	<b>(785)</b>	
(213)	(314)	(16)	(680)	<b>(1,223)</b>	(761)	(583)	(586)	(392)	<b>(2,322)</b>	(328)	(70)	(568)	(550)	<b>(1,516)</b>	
11,108	10,996	14,665	4,492	<b>41,261</b>	4,649	5,143	7,259	6,170	<b>23,221</b>	8,693	8,249	9,569	8,414	<b>34,925</b>	
-	-	-	-	-	-	-	-	-	-	-	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>	
(784)	(221)	838	633	<b>466</b>	(405)	76	104	(492)	<b>(717)</b>	208	98	85	56	<b>447</b>	
10,324	10,775	15,503	5,125	<b>41,727</b>	4,244	5,219	7,363	5,678	<b>22,504</b>	8,901	(23,845)	1,998	7,460	<b>(5,486)</b>	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10,324	10,775	15,503	5,125	<b>41,727</b>	4,244	5,219	7,363	5,678	<b>22,504</b>	8,901	(23,845)	1,998	7,460	<b>(5,486)</b>	
2,621	3,267	4,419	371	<b>10,678</b>	854	730	1,516	(294)	<b>2,806</b>	2,590	(29,171)	(3,891)	385	<b>(30,087)</b>	
7,703	7,508	11,084	4,754	<b>31,049</b>	3,390	4,489	5,847	5,972	<b>19,698</b>	6,311	5,326	5,889	7,075	<b>24,601</b>	
10,324	10,775	15,503	5,125	<b>41,727</b>	4,244	5,219	7,363	5,678	<b>22,504</b>	8,901	(23,845)	1,998	7,460	<b>(5,486)</b>	

## Non-operating items by business

	Q1	Q2 <sup>e</sup>	Q3	Q4	2006 <sup>e</sup>	Q1	Q2	Q3	Q4	2007
<b>Exploration and Production</b>										
Impairment and gain (loss) on sale of businesses and fixed assets	9	329	1,897	175	<b>2,410</b>	605	102	1	149	<b>857</b>
Environmental and other provisions	–	–	(17)	–	<b>(17)</b>	–	–	(12)	–	<b>(12)</b>
Restructuring, integration and rationalization costs	–	–	–	–	–	–	–	–	(186)	<b>(186)</b>
Fair value gain (loss) on embedded derivatives	(450)	256	501	296	<b>603</b>	152	276	21	(449)	–
Other	–	–	–	(433)	<b>(433)</b>	–	–	–	(168)	<b>(168)</b>
	<b>(441)</b>	<b>585</b>	<b>2,381</b>	<b>38</b>	<b>2,563</b>	<b>757</b>	<b>378</b>	<b>10</b>	<b>(654)</b>	<b>491</b>
<b>Refining and Marketing</b>										
Impairment and gain (loss) on sale of businesses and fixed assets <sup>a</sup>	563	112	–	51	<b>726</b>	(179)	767	105	(728)	<b>(35)</b>
Environmental and other provisions	–	–	(33)	–	<b>(33)</b>	–	–	(138)	–	<b>(138)</b>
Restructuring, integration and rationalization costs	–	–	–	–	–	–	–	–	(118)	<b>(118)</b>
Fair value gain (loss) on embedded derivatives	–	–	–	–	–	–	–	–	–	–
Other	–	(76)	(400)	(104)	<b>(580)</b>	(50)	–	(311)	(300)	<b>(661)</b>
	<b>563</b>	<b>36</b>	<b>(433)</b>	<b>(53)</b>	<b>113</b>	<b>(229)</b>	<b>767</b>	<b>(344)</b>	<b>(1,146)</b>	<b>(952)</b>
<b>Other businesses and corporate</b>										
Impairment and gain (loss) on sale of businesses and fixed assets	2	21	(8)	14	<b>29</b>	31	(15)	(7)	(23)	<b>(14)</b>
Environmental and other provisions	–	–	96	(2)	<b>94</b>	–	–	(35)	–	<b>(35)</b>
Restructuring, integration and rationalization costs	–	–	–	–	–	–	–	–	(34)	<b>(34)</b>
Fair value gain (loss) on embedded derivatives	8	5	(8)	–	<b>5</b>	3	7	(7)	(10)	<b>(7)</b>
Other	–	–	–	(200)	<b>(200)</b>	–	–	(152)	(20)	<b>(172)</b>
	<b>10</b>	<b>26</b>	<b>80</b>	<b>(188)</b>	<b>(72)</b>	<b>34</b>	<b>(8)</b>	<b>(201)</b>	<b>(87)</b>	<b>(262)</b>
<b>Gulf of Mexico oil spill response</b>										
Total before interest and taxation for continuing operations	132	647	2,028	(203)	<b>2,604</b>	562	1,137	(535)	(1,887)	<b>(723)</b>
Finance costs <sup>b</sup>	–	–	–	–	–	–	–	–	–	–
Total before taxation for continuing operations	132	647	2,028	(203)	<b>2,604</b>	562	1,137	(535)	(1,887)	<b>(723)</b>
Taxation credit (charge) <sup>c</sup>	(44)	(232)	(840)	64	<b>1,052</b>	(192)	(347)	174	715	<b>350</b>
Total after taxation for continuing operations	<b>88</b>	<b>415</b>	<b>1,188</b>	<b>(139)</b>	<b>1,552</b>	<b>370</b>	<b>790</b>	<b>(361)</b>	<b>(1,172)</b>	<b>(373)</b>
Innovene operations	(96)	(88)	–	–	<b>(184)</b>	–	–	–	–	–
Total before taxation for Innovene operations <sup>d</sup>	(96)	(88)	–	–	<b>(184)</b>	–	–	–	–	–
Taxation credit (charge)	(7)	–	–	–	<b>(7)</b>	–	–	–	–	–
Total after taxation for Innovene operations	<b>(103)</b>	<b>(88)</b>	<b>–</b>	<b>–</b>	<b>(191)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Total after taxation	<b>(15)</b>	<b>327</b>	<b>1,188</b>	<b>(139)</b>	<b>1,361</b>	<b>370</b>	<b>790</b>	<b>(361)</b>	<b>(1,172)</b>	<b>(373)</b>

<sup>a</sup>Includes the impairment of goodwill allocated to the US West Coast fuels value chain of \$1,579 million in the fourth quarter of 2009.

<sup>b</sup>Third and fourth quarter 2010 finance costs relate to the Gulf of Mexico oil spill. For more information see page 18.

<sup>c</sup>Taxation is calculated using the quarter's effective tax rate (excluding the impact of the Gulf of Mexico oil spill) on replacement cost profit or loss. However, the US statutory tax rate has been used for expenditures relating to the Gulf of Mexico oil spill that qualify for tax relief. For the fourth quarter and full year in 2009, no tax credit was calculated on the goodwill impairment in Refining and Marketing because the charge is not tax deductible.

<sup>d</sup>Includes the loss on remeasurement to fair value of \$184 million in 2006, recognized as an \$88-million loss in the second quarter of 2006 and a \$96-million loss in the first quarter of 2006.

<sup>e</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.



## Non-operating items by business continued

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
21	111	33	(1,180)	<b>(1,015)</b>	73	359	72	1,070	<b>1,574</b>	(13)	660	1,735	1,430	<b>3,812</b>	
-	(5)	(7)	-	<b>(12)</b>	-	-	3	-	<b>3</b>	-	-	(54)	-	<b>(54)</b>	
(44)	-	(6)	(7)	<b>(57)</b>	(1)	(6)	1	(4)	<b>(10)</b>	(104)	(13)	(6)	(14)	<b>(137)</b>	
(684)	(2,082)	1,098	1,505	<b>(163)</b>	243	154	370	(103)	<b>664</b>	146	(452)	20	(23)	<b>(309)</b>	
331	-	-	(74)	<b>257</b>	(4)	-	25	13	<b>34</b>	12	(134)	46	(37)	<b>(113)</b>	
(376)	(1,976)	1,118	244	<b>(990)</b>	311	507	471	976	<b>2,265</b>	41	61	1,741	1,356	<b>3,199</b>	
814	(13)	114	(114)	<b>801</b>	(21)	(52)	(13)	(1,518)	<b>(1,604)</b>	(45)	270	507	145	<b>877</b>	
-	-	(62)	(2)	<b>(64)</b>	-	-	(190)	(29)	<b>(219)</b>	-	-	(83)	(15)	<b>(98)</b>	
(205)	(86)	(52)	(104)	<b>(447)</b>	(263)	(114)	(38)	(492)	<b>(907)</b>	12	(30)	(32)	(47)	<b>(97)</b>	
-	-	-	57	<b>57</b>	(57)	-	-	-	<b>(57)</b>	-	-	-	-	<b>-</b>	
-	-	-	-	<b>-</b>	(9)	-	-	193	<b>184</b>	(37)	(8)	(10)	3	<b>(52)</b>	
609	(99)	-	(163)	<b>347</b>	(350)	(166)	(241)	(1,846)	<b>(2,603)</b>	(70)	232	382	86	<b>630</b>	
50	(42)	(8)	(166)	<b>(166)</b>	(108)	(1)	(14)	(7)	<b>(130)</b>	(68)	97	(1)	(23)	<b>5</b>	
-	-	(76)	(41)	<b>(117)</b>	(75)	-	(16)	16	<b>(75)</b>	-	(4)	(77)	(22)	<b>(103)</b>	
(58)	(75)	(30)	(91)	<b>(254)</b>	(71)	(37)	(28)	(47)	<b>(183)</b>	(38)	(22)	(8)	(13)	<b>(81)</b>	
(6)	1	-	-	<b>(5)</b>	-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	
(67)	(7)	(14)	(3)	<b>(91)</b>	(67)	(1)	(6)	(27)	<b>(101)</b>	(12)	-	-	(9)	<b>(21)</b>	
(81)	(123)	(128)	(301)	<b>(633)</b>	(321)	(39)	(64)	(65)	<b>(489)</b>	(118)	71	(86)	(67)	<b>(200)</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>	
152	(2,198)	990	(220)	<b>(1,276)</b>	(360)	302	166	(935)	<b>(827)</b>	(147)	(31,828)	(5,619)	365	<b>(37,229)</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	-	(47)	(30)	<b>(77)</b>	
152	(2,198)	990	(220)	<b>(1,276)</b>	(360)	302	166	(935)	<b>(827)</b>	(147)	(31,828)	(5,666)	335	<b>(37,306)</b>	
(56)	770	(331)	97	<b>480</b>	135	(106)	(48)	(221)	<b>(240)</b>	50	9,877	2,097	(167)	<b>11,857</b>	
96	(1,428)	659	(123)	<b>(796)</b>	(225)	196	118	(1,156)	<b>(1,067)</b>	(97)	(21,951)	(3,569)	168	<b>(25,449)</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	
-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	-	-	-	-	<b>-</b>	
96	(1,428)	659	(123)	<b>(796)</b>	(225)	196	118	(1,156)	<b>(1,067)</b>	(97)	(21,951)	(3,569)	168	<b>(25,449)</b>	

## Non-operating items by geographical area

	Q1	Q2 <sup>e</sup>	Q3	Q4	2006 <sup>e</sup>	Q1	Q2	Q3	Q4	2007
Exploration and Production										
US	2	8	2,021	(269)	<b>1,762</b>	(7)	178	(15)	213	<b>369</b>
Non-US	(443)	577	360	307	<b>801</b>	764	200	25	(867)	<b>122</b>
	(441)	585	2,381	38	<b>2,563</b>	757	378	10	(654)	<b>491</b>
Refining and Marketing										
US <sup>a</sup>	96	54	(266)	25	<b>(91)</b>	(58)	170	(316)	(977)	<b>(1,181)</b>
Non-US	467	(18)	(167)	(78)	<b>204</b>	(171)	597	(28)	(169)	<b>229</b>
	563	36	(433)	(53)	<b>113</b>	(229)	767	(344)	(1,146)	<b>(952)</b>
Other businesses and corporate										
US	9	10	107	(199)	<b>(73)</b>	6	7	(195)	(57)	<b>(239)</b>
Non-US	1	16	(27)	11	<b>1</b>	28	(15)	(6)	(30)	<b>(23)</b>
	10	26	80	(188)	<b>(72)</b>	34	(8)	(201)	(87)	<b>(262)</b>
Gulf of Mexico oil spill response	-	-	-	-	-	-	-	-	-	-
Total before interest and taxation for continuing operations	132	647	2,028	(203)	<b>2,604</b>	562	1,137	(535)	(1,887)	<b>(723)</b>
Finance costs <sup>b</sup>	-	-	-	-	-	-	-	-	-	-
Total before taxation for continuing operations	132	647	2,028	(203)	<b>2,604</b>	562	1,137	(535)	(1,887)	<b>(723)</b>
Taxation credit (charge) <sup>c</sup>	(44)	(232)	(840)	64	<b>(1,052)</b>	(192)	(347)	174	715	<b>350</b>
Total after taxation for continuing operations	88	415	1,188	(139)	<b>1,552</b>	370	790	(361)	(1,172)	<b>(373)</b>
Innovene operations										
US	7	(6)	-	15	<b>16</b>	-	-	-	-	-
Non-US	(103)	(82)	-	(15)	<b>(200)</b>	-	-	-	-	-
Total before taxation for Innovene operations <sup>d</sup>	(96)	(88)	-	-	<b>(184)</b>	-	-	-	-	-
Taxation credit (charge)	(7)	-	-	-	<b>(7)</b>	-	-	-	-	-
Total after taxation for Innovene operations	(103)	(88)	-	-	<b>(191)</b>	-	-	-	-	-
Total after taxation	(15)	327	1,188	(139)	<b>1,361</b>	370	790	(361)	(1,172)	<b>(373)</b>

<sup>a</sup> Includes the impairment of goodwill allocated to the US West Coast fuels value chain of \$1,579 million in the fourth quarter of 2009.

<sup>b</sup> Third and fourth quarter 2010 finance costs relate to the Gulf of Mexico oil spill. For more information see page 18.

<sup>c</sup> Taxation is calculated using the quarter's effective tax rate (excluding the impact of the Gulf of Mexico oil spill) on replacement cost profit or loss. However, the US statutory tax rate has been used for expenditures relating to the Gulf of Mexico oil spill that qualify for tax relief. For the fourth quarter and full year in 2009, no tax credit was calculated on the goodwill impairment in Refining and Marketing because the charge is not tax deductible.

<sup>d</sup> Includes the loss on remeasurement to fair value of \$184 million in 2006, recognized as an \$88-million loss in the second quarter of 2006 and a \$96-million loss in the first quarter of 2006.

<sup>e</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Non-operating items by geographical area continued

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
(8)	(8)	3	(318)	<b>(331)</b>	71	118	(65)	21	<b>145</b>	(62)	(156)	1,681	(273)	<b>1,190</b>	
(368)	(1,968)	1,115	562	<b>(659)</b>	240	389	536	955	<b>2,120</b>	103	217	60	1,629	<b>2,009</b>	
(376)	(1,976)	1,118	244	<b>(990)</b>	311	507	471	976	<b>2,265</b>	41	61	1,741	1,356	<b>3,199</b>	
774	(16)	13	43	<b>814</b>	(134)	(27)	(179)	(1,697)	<b>(2,037)</b>	(3)	151	216	(12)	<b>352</b>	
(165)	(83)	(13)	(206)	<b>(467)</b>	(216)	(139)	(62)	(149)	<b>(566)</b>	(67)	81	166	98	<b>278</b>	
609	(99)	–	(163)	<b>347</b>	(350)	(166)	(241)	(1,846)	<b>(2,603)</b>	(70)	232	382	86	<b>630</b>	
(49)	(33)	(105)	(115)	<b>(302)</b>	(116)	(33)	(29)	14	<b>(164)</b>	(106)	(7)	(71)	(54)	<b>(238)</b>	
(32)	(90)	(23)	(186)	<b>(331)</b>	(205)	(6)	(35)	(79)	<b>(325)</b>	(12)	78	(15)	(13)	<b>38</b>	
(81)	(123)	(128)	(301)	<b>(633)</b>	(321)	(39)	(64)	(65)	<b>(489)</b>	(118)	71	(86)	(67)	<b>(200)</b>	
–	–	–	–	–	–	–	–	–	–	–	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>	
152	(2,198)	990	(220)	<b>(1,276)</b>	(360)	302	166	(935)	<b>(827)</b>	(147)	(31,828)	(5,619)	365	<b>(37,229)</b>	
–	–	–	–	–	–	–	–	–	–	–	–	(47)	(30)	<b>(77)</b>	
152	(2,198)	990	(220)	<b>(1,276)</b>	(360)	302	166	(935)	<b>(827)</b>	(147)	(31,828)	(5,666)	335	<b>(37,306)</b>	
(56)	770	(331)	97	<b>480</b>	135	(106)	(48)	(221)	<b>(240)</b>	50	9,877	2,097	(167)	<b>11,587</b>	
96	(1,428)	659	(123)	<b>(796)</b>	(225)	196	118	(1,156)	<b>(1,067)</b>	(97)	(21,951)	(3,569)	168	<b>(25,449)</b>	
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
96	(1,428)	659	(123)	<b>(796)</b>	(225)	196	118	(1,156)	<b>(1,067)</b>	(97)	(21,951)	(3,569)	168	<b>(25,449)</b>	

## Fair value accounting effects

BP uses derivative instruments to manage the economic exposure relating to inventories above normal operating requirements of crude oil, natural gas and petroleum products as well as certain contracts to supply physical volumes at future dates. Under IFRS, these inventories and contracts are recorded at historic cost and on an accruals basis respectively. The related derivative instruments, however, are required to be recorded at fair value with gains and losses recognized in income because hedge accounting is either not permitted or not followed, principally due to the impracticality of effectiveness testing requirements. Therefore, measurement differences in relation to recognition of gains and losses occur. Gains and losses on these inventories and contracts are not recognized until the commodity is sold in a subsequent accounting period. Gains and losses on the related derivative commodity contracts are recognized in the income statement from the time the derivative commodity contract is entered into on a fair value basis using forward prices consistent with the contract maturity.

IFRS requires that inventory held for trading be recorded at its fair value using period end spot prices whereas any related derivative commodity instruments are required to be recorded at values based on forward prices consistent with the contract maturity. Depending on market conditions, these forward prices can be either higher or lower than spot prices resulting in measurement differences.

	Q1	Q2	Q3	Q4	2006	Q1	Q2	Q3	Q4	2007
<b>By business</b>										
Exploration and Production	(103)	(150)	(23)	244	<b>(32)</b>	31	(74)	(36)	127	<b>48</b>
Refining and Marketing	(123)	74	584	(324)	<b>211</b>	(539)	337	(93)	(62)	<b>(357)</b>
	(226)	(76)	561	(80)	<b>179</b>	(508)	263	(129)	65	<b>(309)</b>
Taxation credit (charge) <sup>a</sup>	76	24	(232)	25	<b>(107)</b>	174	(80)	42	(25)	<b>111</b>
	(150)	(52)	329	(55)	<b>72</b>	(334)	183	(87)	40	<b>(198)</b>
<b>By geographical area</b>										
Exploration and Production										
US	(117)	(147)	14	191	<b>(59)</b>	(6)	(71)	(19)	19	<b>(77)</b>
Non-US	14	(3)	(37)	53	<b>27</b>	37	(3)	(17)	108	<b>125</b>
	(103)	(150)	(23)	244	<b>(32)</b>	31	(74)	(36)	127	<b>48</b>
Refining and Marketing										
US	(97)	26	315	(231)	<b>13</b>	(165)	174	(142)	(32)	<b>(165)</b>
Non-US	(26)	48	269	(93)	<b>198</b>	(374)	163	49	(30)	<b>(192)</b>
	(123)	74	584	(324)	<b>211</b>	(539)	337	(93)	(62)	<b>(357)</b>

<sup>a</sup>Taxation is calculated using the quarter's effective tax rate (excluding the impact of the Gulf of Mexico oil spill) on replacement cost profit or loss.

## Total of non-operating items and fair value accounting effects

	Q1	Q2 <sup>c</sup>	Q3	Q4	2006 <sup>c</sup>	Q1	Q2	Q3	Q4	2007
Exploration and Production										
US	(115)	(139)	2,035	(78)	<b>1,703</b>	(13)	107	(34)	232	<b>292</b>
Non-US	(429)	574	323	360	<b>828</b>	801	197	8	(759)	<b>247</b>
	(544)	435	2,358	282	<b>2,531</b>	788	304	(26)	(527)	<b>539</b>
Refining and Marketing										
US	(1)	80	49	(206)	<b>(78)</b>	(223)	344	(458)	(1,009)	<b>(1,346)</b>
Non-US	441	30	102	(171)	<b>402</b>	(545)	760	21	(199)	<b>37</b>
	440	110	151	(377)	<b>324</b>	(768)	1,104	(437)	(1,208)	<b>(1,309)</b>
Other businesses and corporate										
US	9	10	107	(199)	<b>(73)</b>	6	7	(195)	(57)	<b>(239)</b>
Non-US	1	16	(27)	11	<b>1</b>	28	(15)	(6)	(30)	<b>(23)</b>
	10	26	80	(188)	<b>(72)</b>	34	(8)	(201)	(87)	<b>(262)</b>
Gulf of Mexico oil spill response	–	–	–	–	–	–	–	–	–	–
Total before interest and taxation	(94)	571	2,589	(283)	<b>2,783</b>	54	1,400	(664)	(1,822)	<b>(1,032)</b>
Finance costs <sup>a</sup>	–	–	–	–	–	–	–	–	–	–
Total before taxation for continuing operations	(94)	571	2,589	(283)	<b>2,783</b>	54	1,400	(664)	(1,822)	<b>(1,032)</b>
Taxation credit (charge) <sup>b</sup>	32	(208)	(1,072)	89	<b>(1,159)</b>	(18)	(427)	216	690	<b>461</b>
Total after taxation for continuing operations	(62)	363	1,517	(194)	<b>1,624</b>	36	973	(448)	(1,132)	<b>(571)</b>
Innovene operations										
US	7	(6)	–	15	<b>16</b>	–	–	–	–	–
Non-US	(103)	(82)	–	(15)	<b>(200)</b>	–	–	–	–	–
Total before taxation for Innovene operations	(96)	(88)	–	–	<b>(184)</b>	–	–	–	–	–
Taxation charge	(7)	–	–	–	<b>(7)</b>	–	–	–	–	–
Total after taxation for Innovene operations	(103)	(88)	–	–	<b>(191)</b>	–	–	–	–	–
Total after taxation for period	(165)	275	1,517	(194)	<b>1,433</b>	36	973	(448)	(1,132)	<b>(571)</b>

<sup>a</sup>2010 finance costs relate to the Gulf of Mexico oil spill. For more information see page 18.

<sup>b</sup>Taxation is calculated using the quarter's effective tax rate (excluding the impact of the Gulf of Mexico oil spill) on replacement cost profit or loss. However, the US statutory tax rate has been used for expenditures relating to the Gulf of Mexico oil spill that qualify for tax relief. For the fourth quarter and year in 2009, no tax credit was calculated on the goodwill impairment in Refining and Marketing because the charge is not tax deductible.

<sup>c</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Fair value accounting effects continued

BP enters into contracts for pipelines which and storage capacity that, under IFRS, are recorded on an accruals basis. These contracts are risk-managed using a variety of derivative instruments, are fair valued under IFRS. This results in measurement differences in relation to recognition of gains and losses.

The way that BP manages the economic exposures described above, and measures performance internally, differs from the way these activities are measured under IFRS. BP calculates this difference for consolidated entities by comparing the IFRS result with management's internal measure of performance, under which the inventory and the supply and capacity contracts in question are valued based on fair value using relevant forward prices prevailing at the end of the period. We believe that disclosing management's estimate of this difference provides useful information for investors because it enables investors to see the economic effect of these activities as a whole. The impacts of fair value accounting effects, relative to management's internal measure of performance, are shown in the table below.

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
(259)	(373)	97	253	<b>(282)</b>	158	135	180	446	<b>919</b>	63	(122)	68	(12)	<b>(3)</b>	
101	(161)	636	(65)	<b>511</b>	(109)	(126)	86	(112)	<b>(261)</b>	10	119	(221)	134	<b>42</b>	
(158)	(534)	733	188	<b>229</b>	49	9	266	334	<b>658</b>	73	(3)	(153)	122	<b>39</b>	
58	187	(245)	(83)	<b>(83)</b>	(18)	(3)	(77)	(115)	<b>(213)</b>	(25)	1	38	(40)	<b>(26)</b>	
(100)	(347)	488	105	<b>146</b>	31	6	189	219	<b>445</b>	48	(2)	(115)	82	<b>13</b>	
(142)	(236)	136	11	<b>(231)</b>	208	92	169	218	<b>687</b>	81	(35)	86	9	<b>141</b>	
(117)	(137)	(39)	242	<b>(51)</b>	(50)	43	11	228	<b>232</b>	(18)	(87)	(18)	(21)	<b>(144)</b>	
(259)	(373)	97	253	<b>(282)</b>	158	135	180	446	<b>919</b>	63	(122)	68	(12)	<b>(3)</b>	
95	53	174	(91)	<b>231</b>	65	(46)	6	(9)	<b>16</b>	16	37	(61)	27	<b>19</b>	
6	(214)	462	26	<b>280</b>	(174)	(80)	80	(103)	<b>(277)</b>	(6)	82	(160)	107	<b>23</b>	
101	(161)	636	(65)	<b>511</b>	(109)	(126)	86	(112)	<b>(261)</b>	10	119	(221)	134	<b>42</b>	

## Total of non-operating items and fair value accounting effects continued

															\$ million
Q1	Q2	Q3	Q4	2008	Q1	Q2	Q3	Q4	2009	Q1	Q2	Q3	Q4	2010	
(150)	(244)	139	(307)	<b>(562)</b>	279	210	104	239	<b>832</b>	19	(191)	1,767	(264)	<b>1,331</b>	
(485)	(2,105)	1,076	804	<b>(710)</b>	190	432	547	1,183	<b>2,352</b>	85	130	42	1,608	<b>1,865</b>	
(635)	(2,349)	1,215	497	<b>(1,272)</b>	469	642	651	1,422	<b>3,184</b>	104	(61)	1,809	1,344	<b>3,196</b>	
869	37	187	(48)	<b>1,045</b>	(69)	(73)	(173)	(1,706)	<b>(2,021)</b>	13	188	155	15	<b>371</b>	
(159)	(297)	449	(180)	<b>(187)</b>	(390)	(219)	18	(252)	<b>(843)</b>	(73)	163	6	205	<b>301</b>	
710	(260)	636	(228)	<b>858</b>	(459)	(292)	(155)	(1,958)	<b>(2,864)</b>	(60)	351	161	220	<b>672</b>	
(49)	(33)	(105)	(115)	<b>(302)</b>	(116)	(33)	(29)	14	<b>(164)</b>	(106)	(7)	(71)	(54)	<b>(238)</b>	
(32)	(90)	(23)	(186)	<b>(331)</b>	(205)	(6)	(35)	(79)	<b>(325)</b>	(12)	78	(15)	(13)	<b>38</b>	
(81)	(123)	(128)	(301)	<b>(633)</b>	(321)	(39)	(64)	(65)	<b>(489)</b>	(118)	71	(86)	(67)	<b>(200)</b>	
-	-	-	-	-	-	-	-	-	-	-	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>	
(6)	(2,732)	1,723	(32)	<b>(1,047)</b>	(311)	311	432	(601)	<b>(169)</b>	(74)	(31,831)	(5,772)	487	<b>(37,190)</b>	
-	-	-	-	-	-	-	-	-	-	-	-	(47)	(30)	<b>(77)</b>	
(6)	(2,732)	1,723	(32)	<b>(1,047)</b>	(311)	311	432	(601)	<b>(169)</b>	(74)	(31,831)	(5,819)	457	<b>(37,267)</b>	
2	957	(576)	14	<b>397</b>	117	(109)	(125)	(336)	<b>(453)</b>	25	9,878	2,135	(207)	<b>11,831</b>	
(4)	(1,775)	1,147	(18)	<b>(650)</b>	(194)	202	307	(937)	<b>(622)</b>	(49)	(21,953)	(3,684)	250	<b>(25,436)</b>	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(4)	(1,775)	1,147	(18)	<b>(650)</b>	(194)	202	307	(937)	<b>(622)</b>	(49)	(21,953)	(3,684)	250	<b>(25,436)</b>	

## Gulf of Mexico oil spill

					\$ million
	Q1	Q2	Q3	Q4	2010
<b>Income statement</b>					
Production and manufacturing expenses	–	32,192	7,656	1,010	<b>40,858</b>
Profit (loss) before interest and taxation	–	(32,192)	(7,656)	(1,010)	<b>(40,858)</b>
Finance costs	–	–	47	30	<b>77</b>
Profit (loss) before taxation	–	(32,192)	(7,703)	(1,040)	<b>(40,935)</b>
Less: taxation	–	10,003	2,604	287	<b>12,894</b>
Profit (loss) for the period	–	(22,189)	(5,099)	(753)	<b>(28,041)</b>
<b>Balance sheet</b>					
Current assets					
Trade and other receivables					<b>5,943</b>
Current liabilities					
Trade and other payables					<b>(6,587)</b>
Provisions					<b>(7,938)</b>
Net current liabilities					<b>(8,582)</b>
Non-current assets					
Other receivables					<b>3,601</b>
Non-current liabilities					
Other payables					<b>(9,899)</b>
Provisions					<b>(8,397)</b>
Deferred tax					<b>11,255</b>
Net non-current liabilities					<b>(3,440)</b>
Net assets					<b>(12,022)</b>
<b>Cash flow statement</b>					
Profit (loss) before taxation	–	(32,192)	(7,703)	(1,040)	<b>(40,935)</b>
Finance costs	–	–	47	30	<b>77</b>
Net charge for provisions, less payments	–	17,646	(409)	2,117	<b>19,354</b>
Movements in other current and non-current assets and liabilities	–	12,430	(2,042)	(6,542)	<b>3,846</b>
Pre-tax cash flows	–	(2,116)	(10,107)	(5,435)	<b>(17,658)</b>

## Sales and other operating revenues

	\$ million				
	2006	2007	2008	2009	2010
<b>By business</b>					
Exploration and Production	67,950	65,740	86,170	57,626	<b>66,266</b>
Refining and Marketing	232,386	250,221	320,039	213,050	<b>266,751</b>
Other businesses and corporate	3,372	3,698	4,634	2,843	<b>3,328</b>
	<b>303,708</b>	<b>319,659</b>	<b>410,843</b>	<b>273,519</b>	<b>336,345</b>
Less: sales between businesses					
Exploration and Production	32,608	32,083	45,931	32,540	<b>37,049</b>
Refining and Marketing	3,935	1,914	1,918	821	<b>1,358</b>
Other businesses and corporate	1,259	1,297	1,851	886	<b>831</b>
	<b>37,802</b>	<b>35,294</b>	<b>49,700</b>	<b>34,247</b>	<b>39,238</b>
Third party sales and other operating revenues					
Exploration and Production	35,342	33,657	40,239	25,086	<b>29,217</b>
Refining and Marketing	228,451	248,307	318,121	212,229	<b>265,393</b>
Other businesses and corporate	2,113	2,401	2,783	1,957	<b>2,497</b>
Total third party sales and other operating revenues	<b>265,906</b>	<b>284,365</b>	<b>361,143</b>	<b>239,272</b>	<b>297,107</b>
<b>By geographical area</b>					
US	99,935	105,120	130,142	87,283	<b>107,256</b>
Non-US	185,079	201,816	267,246	173,822	<b>220,059</b>
	<b>285,014</b>	<b>306,936</b>	<b>397,388</b>	<b>261,105</b>	<b>327,315</b>
Less: sales between areas					
	19,108	22,571	36,245	21,833	<b>30,208</b>
	<b>265,906</b>	<b>284,365</b>	<b>361,143</b>	<b>239,272</b>	<b>297,107</b>

## Production and similar taxes

	\$ million				
	2006	2007	2008	2009	2010
Production and similar taxes provided for					
US	887	1,260	2,602	649	<b>1,093</b>
Non-US	4,297	4,443	6,351	3,103	<b>4,151</b>
	5,184	5,703	8,953	3,752	<b>5,244</b>
Production and similar taxes paid					
US	565	1,302	2,735	766	<b>1,059</b>
Non-US	4,937	4,545	6,681	3,219	<b>4,402</b>
	5,502	5,847	9,416	3,985	<b>5,461</b>

## Taxation

	\$ million				
	2006 <sup>a</sup>	2007	2008	2009	2010
Tax on profit (loss) from continuing operations					
Current tax charge	11,800	9,835	13,383	5,745	<b>6,692</b>
Deferred tax charge (credit)	716	607	(766)	2,620	<b>(8,193)</b>
Total tax on profit (loss) from continuing operations	12,516	10,442	12,617	8,365	<b>(1,501)</b>
Tax on inventory holdings (gains) losses	31	(1,083)	2,052	(1,299)	<b>(589)</b>
Tax on replacement cost profit (loss) from continuing operations	12,547	9,359	14,669	7,066	<b>(2,090)</b>
Effective tax rates on					
Replacement cost profit (loss) for the year	35%	33%	36%	33%	<b>32%</b>
Profit (loss) for the year	36%	33%	37%	33%	<b>31%</b>
Income taxes paid	13,733	9,072	12,824	6,324	<b>6,610</b>

<sup>a</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.



## Depreciation, depletion and amortization

	\$ million				
	2006	2007	2008	2009	2010
<b>By business</b>					
Exploration and Production <sup>a</sup>					
US	2,336	2,365	3,012	4,150	<b>3,751</b>
Non-US	4,353	5,491	5,428	5,407	<b>4,865</b>
	6,689	7,856	8,440	9,557	<b>8,616</b>
Refining and Marketing					
US	1,047	1,076	825	919	<b>955</b>
Non-US	1,192	1,345	1,383	1,317	<b>1,303</b>
	2,239	2,421	2,208	2,236	<b>2,258</b>
Other businesses and corporate					
US	76	117	132	136	<b>140</b>
Non-US	124	185	205	177	<b>150</b>
	200	302	337	313	<b>290</b>
<b>By geographical area</b>					
US	3,459	3,558	3,969	5,205	<b>4,846</b>
Non-US	5,669	7,021	7,016	6,901	<b>6,318</b>
Total	9,128	10,579	10,985	12,106	<b>11,164</b>

<sup>a</sup> At the end of 2006, BP adopted the Securities and Exchange Commission (SEC) rules for estimating oil and natural gas reserves instead of the UK accounting rules contained in the Statement of Recommended Practice 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' (UK SORP). This change in accounting estimate had a direct impact on the amount of depreciation, depletion and amortization (DD&A) charged in the income statement in respect of oil and natural gas properties, which are depreciated on a unit-of-production basis. The change in estimate was applied prospectively, with no restatement of prior periods' results. The group's actual DD&A charge for 2006 was \$9,128 million, whereas the charge based on UK SORP reserves would have been \$9,057 million, i.e. an increase of \$71 million due to the change in reserves estimates that was used to calculate DD&A for the last three months of 2006. For 2007, it was estimated that the DD&A charge would increase by approximately \$400 million to \$500 million as a result of the change. No estimate was made in respect of 2008. Over the life of a field this change would have no overall effect on DD&A. The main differences between the UK SORP and SEC rules then applicable related to the SEC requirement to use year-end prices and costs, the application of SEC interpretations of SEC regulations relating to the use of technology (mainly seismic) to estimate reserves in the reservoir away from wellbores and the reporting of fuel gas (i.e. gas used for fuel in operations) within proved reserves. Consequently, reserves quantities under SEC rules differed from those that would be reported under application of the UK SORP. The change to SEC reserves in 2006 represented a simplification of the group's reserves reporting, as only one set of reserves estimates is now disclosed. In addition, the use of SEC reserves for accounting purposes makes our results more comparable with those of our major competitors.

## Group balance sheet

At 31 December					\$ million
	2006	2007	2008	2009	2010
<b>Non-current assets</b>					
Property, plant and equipment	90,999	97,989	103,200	108,275	<b>110,163</b>
Goodwill	10,780	11,006	9,878	8,620	<b>8,598</b>
Intangible assets	5,246	6,652	10,260	11,548	<b>14,298</b>
Investments in jointly controlled entities	15,074	18,113	23,826	15,296	<b>12,286</b>
Investments in associates	5,975	4,579	4,000	12,963	<b>13,335</b>
Other investments	1,697	1,830	855	1,567	<b>1,191</b>
<b>Fixed assets</b>	<b>129,771</b>	<b>140,169</b>	<b>152,019</b>	<b>158,269</b>	<b>159,871</b>
Loans	817	999	995	1,039	<b>894</b>
Other receivables	862	968	710	1,729	<b>6,298</b>
Derivative financial instruments	3,025	3,741	5,054	3,965	<b>4,210</b>
Prepayments	1,034	1,083	1,338	1,407	<b>1,432</b>
Deferred tax assets	–	–	–	516	<b>528</b>
Defined benefit pension plan surpluses	6,753	8,914	1,738	1,390	<b>2,176</b>
	<b>142,262</b>	<b>155,874</b>	<b>161,854</b>	<b>168,315</b>	<b>175,409</b>
<b>Current assets</b>					
Loans	141	165	168	249	<b>247</b>
Inventories	18,915	26,554	16,821	22,605	<b>26,218</b>
Trade and other receivables	38,692	38,020	29,261	29,531	<b>36,549</b>
Derivative financial instruments	10,373	6,321	8,510	4,967	<b>4,356</b>
Prepayments	3,006	3,589	3,050	1,753	<b>1,574</b>
Current tax receivable	544	705	377	209	<b>693</b>
Other investments	–	–	–	–	<b>1,532</b>
Cash and cash equivalents	2,590	3,562	8,197	8,339	<b>18,556</b>
	<b>74,261</b>	<b>78,916</b>	<b>66,384</b>	<b>67,653</b>	<b>89,725</b>
<b>Assets classified as held for sale</b>	<b>1,078</b>	<b>1,286</b>	<b>–</b>	<b>–</b>	<b>7,128</b>
	<b>75,339</b>	<b>80,202</b>	<b>66,384</b>	<b>67,653</b>	<b>96,853</b>
<b>Total assets</b>	<b>217,601</b>	<b>236,076</b>	<b>228,238</b>	<b>235,968</b>	<b>272,262</b>
<b>Current liabilities</b>					
Trade and other payables	42,236	43,152	33,644	35,204	<b>46,329</b>
Derivative financial instruments	9,424	6,405	8,977	4,681	<b>3,856</b>
Accruals	6,147	6,640	6,743	6,202	<b>5,612</b>
Finance debt	12,924	15,394	15,740	9,109	<b>14,626</b>
Current tax payable	2,635	3,282	3,144	2,464	<b>2,920</b>
Provisions	1,932	2,195	1,545	1,660	<b>9,489</b>
	<b>75,298</b>	<b>77,068</b>	<b>69,793</b>	<b>59,320</b>	<b>82,832</b>
<b>Liabilities directly associated with the assets classified as held for sale</b>	<b>54</b>	<b>163</b>	<b>–</b>	<b>–</b>	<b>1,047</b>
	<b>75,352</b>	<b>77,231</b>	<b>69,793</b>	<b>59,320</b>	<b>83,879</b>
<b>Non-current liabilities</b>					
Other payables	1,430	1,251	3,080	3,198	<b>14,285</b>
Derivative financial instruments	4,203	5,002	6,271	3,474	<b>3,677</b>
Accruals	961	959	784	703	<b>637</b>
Finance debt	11,086	15,651	17,464	25,518	<b>30,710</b>
Deferred tax liabilities	18,116	19,215	16,198	18,662	<b>10,908</b>
Provisions	11,712	12,900	12,108	12,970	<b>22,418</b>
Defined benefit pension plan and other post-retirement benefit plan deficits	9,276	9,215	10,431	10,010	<b>9,857</b>
	<b>56,784</b>	<b>64,193</b>	<b>66,336</b>	<b>74,535</b>	<b>92,492</b>
<b>Total liabilities</b>	<b>132,136</b>	<b>141,424</b>	<b>136,129</b>	<b>133,855</b>	<b>176,371</b>
<b>Net assets</b>	<b>85,465</b>	<b>94,652</b>	<b>92,109</b>	<b>102,113</b>	<b>95,891</b>
<b>Equity</b>					
Share capital	5,385	5,237	5,176	5,179	<b>5,183</b>
Reserves	79,239	88,453	86,127	96,434	<b>89,804</b>
<b>BP shareholders' equity</b>	<b>84,624</b>	<b>93,690</b>	<b>91,303</b>	<b>101,613</b>	<b>94,987</b>
Minority interest	841	962	806	500	<b>904</b>
<b>Total equity</b>	<b>85,465</b>	<b>94,652</b>	<b>92,109</b>	<b>102,113</b>	<b>95,891</b>

## Operating capital employed<sup>a</sup>

	\$ million				
	2006	2007	2008	2009	2010
<b>By business</b>					
Exploration and Production					
US	27,687	30,341	35,807	39,209	<b>40,065</b>
Non-US	49,601	54,278	56,950	61,945	<b>66,207</b>
	77,288	84,619	92,757	101,154	<b>106,272</b>
Refining and Marketing					
US	16,527	17,748	15,904	20,114	<b>23,463</b>
Non-US	24,611	30,163	25,295	26,387	<b>24,959</b>
	41,138	47,911	41,199	46,501	<b>48,422</b>
Other businesses and corporate					
US	(3,303)	(1,903)	(2,505)	(2,773)	<b>(2,905)</b>
Non-US	4,504	6,785	3,247	4,655	<b>17,285</b>
	1,201	4,882	742	1,882	<b>14,380</b>
Gulf of Mexico oil spill response	–	–	–	–	<b>(23,277)</b>
Consolidation adjustment	(725)	(929)	(298)	(1,016)	<b>(561)</b>
	118,902	136,483	134,400	148,521	<b>145,236</b>
<b>By geographical area</b>					
US	40,234	45,369	49,056	55,826	<b>36,917</b>
Non-US	78,668	91,114	85,344	92,695	<b>108,319</b>
Total operating capital employed	118,902	136,483	134,400	148,521	<b>145,236</b>
Liabilities for current and deferred taxation	(20,207)	(21,792)	(18,965)	(20,401)	<b>(12,607)</b>
Goodwill	10,780	11,006	9,878	8,620	<b>8,598</b>
Capital employed	109,475	125,697	125,313	136,740	<b>141,227</b>
Financed by					
Finance debt	24,010	31,045	33,204	34,627	<b>45,336</b>
Minority interest	841	962	806	500	<b>904</b>
BP shareholders' equity	84,624	93,690	91,303	101,613	<b>94,987</b>
Capital employed	109,475	125,697	125,313	136,740	<b>141,227</b>

<sup>a</sup> Operating capital employed is total assets (excluding goodwill) less total liabilities, excluding finance debt and current and deferred taxation.

## Property, plant and equipment

	\$ million				
	2006	2007	2008	2009	2010
<b>Net book amount by business</b>					
Exploration and Production					
US	28,996	31,555	35,369	36,361	<b>37,230</b>
Non-US	36,629	39,274	40,439	42,583	<b>42,542</b>
	65,625	70,829	75,808	78,944	<b>79,772</b>
Refining and Marketing					
US	10,247	9,440	10,608	12,497	<b>14,151</b>
Non-US	12,901	15,030	14,016	14,616	<b>13,996</b>
	23,148	24,470	24,624	27,113	<b>28,147</b>
Other businesses and corporate					
US	922	1,248	1,659	1,385	<b>1,495</b>
Non-US	1,304	1,442	1,109	833	<b>749</b>
	2,226	2,690	2,768	2,218	<b>2,244</b>
<b>Net book amount by geographical area</b>					
US	40,165	42,243	47,636	50,243	<b>52,876</b>
Non-US	50,834	55,746	55,564	58,032	<b>57,287</b>
	90,999	97,989	103,200	108,275	<b>110,163</b>
<b>Cost and accumulated depreciation</b>					
Exploration and Production					
Cost	140,620	152,486	165,626	176,332	<b>177,537</b>
Accumulated depreciation	(74,995)	(81,657)	(89,818)	(97,388)	<b>(97,765)</b>
	65,625	70,829	75,808	78,944	<b>79,772</b>
Refining and Marketing					
Cost	45,397	48,590	47,289	51,276	<b>52,843</b>
Accumulated depreciation	(22,249)	(24,120)	(22,665)	(24,163)	<b>(24,696)</b>
	23,148	24,470	24,624	27,113	<b>28,147</b>
Other businesses and corporate					
Cost	3,262	4,015	4,194	3,650	<b>3,859</b>
Accumulated depreciation	(1,036)	(1,325)	(1,426)	(1,432)	<b>(1,615)</b>
	2,226	2,690	2,768	2,218	<b>2,244</b>
Group					
Cost	189,279	205,091	217,109	231,258	<b>234,239</b>
Accumulated depreciation	(98,280)	(107,102)	(113,909)	(122,983)	<b>(124,076)</b>
	90,999	97,989	103,200	108,275	<b>110,163</b>

## Analysis of inventories, receivables and payables

	\$ million				
	2006	2007	2008	2009	2010
<b>Inventories</b>					
Inventories	16,301	23,040	13,821	18,679	<b>23,078</b>
Supplies	1,222	1,517	1,588	1,661	<b>1,669</b>
	17,523	24,557	15,409	20,340	<b>24,747</b>
Trading inventories	1,392	1,997	1,412	2,265	<b>1,471</b>
	18,915	26,554	16,821	22,605	<b>26,218</b>
<b>Current receivables</b>					
Trade receivables	32,460	33,012	22,869	22,604	<b>24,255</b>
Amounts receivable from jointly controlled entities	830	888	1,035	1,317	<b>751</b>
Amounts receivable from associates	268	380	219	417	<b>448</b>
Current tax receivable	544	705	377	209	<b>693</b>
Gulf of Mexico oil spill trust fund reimbursement asset	–	–	–	–	<b>5,943</b>
Other current receivables	18,654	13,815	16,866	12,162	<b>12,861</b>
	52,756	48,800	41,366	36,709	<b>44,951</b>
<b>Non-current receivables</b>					
Amounts receivable from jointly controlled entities	–	–	–	11	<b>601</b>
Amounts receivable from associates	–	–	–	298	<b>220</b>
Gulf of Mexico oil spill trust fund reimbursement asset	–	–	–	–	<b>3,601</b>
Other non-current receivables	5,738	6,791	8,097	7,831	<b>8,412</b>
	5,738	6,791	8,097	8,140	<b>12,834</b>
<b>Current payables</b>					
Trade payables	28,319	30,735	20,129	22,886	<b>27,510</b>
Amounts payable to jointly controlled entities	119	66	292	304	<b>1,361</b>
Amounts payable to associates	273	650	295	692	<b>712</b>
Production and similar taxes	852	803	445	757	<b>919</b>
Current tax payable	2,635	3,282	3,144	2,464	<b>2,920</b>
Dividends	1	1	1	1	<b>1</b>
Gulf of Mexico oil spill trust fund liability	–	–	–	–	<b>5,002</b>
Other current payables	28,243	23,942	28,202	21,447	<b>20,292</b>
	60,442	59,479	52,508	48,551	<b>58,717</b>
<b>Non-current payables</b>					
Amounts payable to jointly controlled entities	–	–	2,255	2,419	<b>1,905</b>
Amounts payable to associates	–	–	–	298	<b>220</b>
Production and similar taxes	899	765	538	286	<b>471</b>
Gulf of Mexico oil spill trust fund liability	–	–	–	–	<b>9,899</b>
Other non-current payables	5,695	6,447	7,342	4,372	<b>6,104</b>
	6,594	7,212	10,135	7,375	<b>18,599</b>

## Group cash flow statement

	\$ million				
	2006 <sup>a</sup>	2007	2008	2009	2010
<b>Operating activities</b>					
Profit (loss) before taxation from continuing operations	35,142	31,611	34,283	25,124	<b>(4,825)</b>
Adjustments to reconcile profit (loss) before taxation to net cash provided by operating activities					
Exploration expenditure written off	624	347	385	593	<b>375</b>
Depreciation, depletion and amortization	9,128	10,579	10,985	12,106	<b>11,164</b>
Impairment and (gain) loss on sale of businesses and fixed assets	(3,165)	(808)	380	160	<b>(4,694)</b>
Earnings from jointly controlled entities and associates	(3,995)	(3,832)	(3,821)	(3,901)	<b>(4,757)</b>
Dividends received from jointly controlled entities and associates	4,495	2,473	3,728	3,003	<b>3,277</b>
Interest receivable	(473)	(489)	(407)	(258)	<b>(277)</b>
Interest received	500	500	385	203	<b>205</b>
Finance costs	986	1,393	1,547	1,110	<b>1,170</b>
Interest paid	(1,242)	(1,363)	(1,291)	(909)	<b>(912)</b>
Net finance (income) expense relating to pensions and other post-retirement benefits	(470)	(652)	(591)	192	<b>(47)</b>
Share-based payments	416	420	459	450	<b>197</b>
Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	(261)	(404)	(173)	(887)	<b>(959)</b>
Net charge for provisions, less payments	(160)	(92)	(298)	650	<b>19,217</b>
(Increase) decrease in inventories	995	(7,255)	9,010	(5,363)	<b>(3,895)</b>
(Increase) decrease in other current and non-current assets	3,596	5,210	2,439	7,595	<b>(15,620)</b>
Increase (decrease) in other current and non-current liabilities	(4,211)	(3,857)	(6,101)	(5,828)	<b>20,607</b>
Income taxes paid	(13,733)	(9,072)	(12,824)	(6,324)	<b>(6,610)</b>
<b>Net cash provided by operating activities of continuing operations</b>	<b>28,172</b>	<b>24,709</b>	<b>38,095</b>	<b>27,716</b>	<b>13,616</b>
<b>Investing activities</b>					
Capital expenditure	(15,125)	(17,830)	(22,658)	(20,650)	<b>(18,421)</b>
Acquisitions, net of cash acquired	(229)	(1,225)	(395)	1	<b>(2,468)</b>
Investment in jointly controlled entities	(37)	(428)	(1,009)	(578)	<b>(461)</b>
Investment in associates	(570)	(187)	(81)	(164)	<b>(65)</b>
Proceeds from disposal of fixed assets	5,963	1,749	918	1,715	<b>7,492</b>
Proceeds from disposal of businesses, net of cash disposed	291	2,518	11	966	<b>9,462</b>
Proceeds from loan repayments	189	192	647	530	<b>501</b>
Other	-	374	(200)	47	-
<b>Net cash used in investing activities</b>	<b>(9,518)</b>	<b>(14,837)</b>	<b>(22,767)</b>	<b>(18,133)</b>	<b>(3,960)</b>
<b>Financing activities</b>					
Net issue (repurchase) of shares	(15,151)	(7,113)	(2,567)	207	<b>169</b>
Proceeds from long-term financing	3,831	8,109	7,961	11,567	<b>11,934</b>
Repayments of long-term financing	(3,655)	(3,192)	(3,821)	(6,021)	<b>(4,702)</b>
Net increase (decrease) in short-term debt	3,873	1,494	(1,315)	(4,405)	<b>(3,619)</b>
Dividends paid					
BP shareholders	(7,686)	(8,106)	(10,342)	(10,483)	<b>(2,627)</b>
Minority interest	(283)	(227)	(425)	(416)	<b>(315)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(19,071)</b>	<b>(9,035)</b>	<b>(10,509)</b>	<b>(9,551)</b>	<b>840</b>
Currency translation differences relating to cash and cash equivalents	47	135	(184)	110	<b>(279)</b>
Increase (decrease) in cash and cash equivalents	(370)	972	4,635	142	<b>10,217</b>
Cash and cash equivalents at beginning of year	2,960	2,590	3,562	8,197	<b>8,339</b>
<b>Cash and cash equivalents at end of year</b>	<b>2,590</b>	<b>3,562</b>	<b>8,197</b>	<b>8,339</b>	<b>18,556</b>

<sup>a</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Movement in net debt

	\$ million				
	2006	2007	2008	2009	2010
Opening balance					
Finance debt	19,162	24,010	31,045	33,204	<b>34,627</b>
Less: cash and cash equivalents	2,960	2,590	3,562	8,197	<b>8,339</b>
Less: fair value asset (liability) of hedges related to finance debt	(171)	298	666	(34)	<b>127</b>
Opening net debt	16,373	21,122	26,817	25,041	<b>26,161</b>
Closing balance					
Finance debt	24,010	31,045	33,204	34,627	<b>45,336</b>
Less: cash and cash equivalents	2,590	3,562	8,197	8,339	<b>18,556</b>
Less: fair value asset (liability) of hedges related to finance debt	298	666	(34)	127	<b>916</b>
Closing net debt	21,122	26,817	25,041	26,161	<b>25,864</b>
Decrease (increase) in net debt	(4,749)	(5,695)	1,776	(1,120)	<b>297</b>
Movement in cash and cash equivalents (excluding exchange adjustments)	(417)	837	4,819	32	<b>10,496</b>
Net cash (inflow) outflow from financing (excluding share capital)	(4,049)	(6,411)	(2,825)	(1,141)	<b>(3,613)</b>
Movement in finance debt relating to investing activities <sup>a</sup>	–	–	–	–	<b>(6,197)</b>
Debt acquired	(13)	–	–	–	–
Other movements	(145)	(134)	(136)	(61)	<b>(304)</b>
Movement in net debt before exchange effects	(4,624)	(5,708)	1,858	(1,170)	<b>382</b>
Exchange adjustments	(125)	13	(82)	50	<b>(85)</b>
Decrease (increase) in net debt	(4,749)	(5,695)	1,776	(1,120)	<b>297</b>

<sup>a</sup> 2010 includes \$6,197 million of disposal deposits in respect of disposals expected to complete in 2011.

## Capital expenditure, acquisitions and disposals

	\$ million				
	2006	2007	2008	2009	2010
<b>By business</b>					
Exploration and Production					
US <sup>a,b</sup>	4,655	5,096	10,359	6,169	<b>6,632</b>
Non-US <sup>c,d,e,f</sup>	8,597	9,111	11,868	8,727	<b>11,121</b>
	<b>13,252</b>	<b>14,207</b>	<b>22,227</b>	<b>14,896</b>	<b>17,753</b>
Refining and Marketing					
US <sup>e</sup>	1,339	1,872	4,297	2,625	<b>2,761</b>
Non-US <sup>g</sup>	1,788	3,623	2,337	1,489	<b>1,268</b>
	<b>3,127</b>	<b>5,495</b>	<b>6,634</b>	<b>4,114</b>	<b>4,029</b>
Other businesses and corporate					
US <sup>h</sup>	598	519	1,390	1,071	<b>977</b>
Non-US	254	420	449	228	<b>257</b>
	<b>852</b>	<b>939</b>	<b>1,839</b>	<b>1,299</b>	<b>1,234</b>
<b>By geographical area</b>					
US <sup>a,b,e,h</sup>	6,592	7,487	16,046	9,865	<b>10,370</b>
Non-US <sup>c,d,e,f,g</sup>	10,639	13,154	14,654	10,444	<b>12,646</b>
	<b>17,231</b>	<b>20,641</b>	<b>30,700</b>	<b>20,309</b>	<b>23,016</b>
Included above					
Acquisitions and asset exchanges <sup>b,d,f</sup>	321	1,447	2,514	308	<b>3,406</b>
Disposals	6,254	4,267	929	2,681	<b>16,954</b>

<sup>a</sup> 2008 included \$3,667 million in Exploration and Production for the purchase of all of Chesapeake Energy Corporation's interest in the Arkoma Basin Woodford Shale assets and a 25% interest in Chesapeake's Fayetteville Shale assets.

<sup>b</sup> 2010 included \$1,767 million in Exploration and Production in the US deepwater Gulf of Mexico as part of the transaction with Devon Energy.

<sup>c</sup> 2010 included capital expenditure of \$900 million relating to the formation of a partnership with Value Creation Inc. to develop the Terre de Grace oil sands acreage in the Athabasca region of Alberta, Canada. 2010 also included \$492 million for the purchase of additional interests in the Valhall and Hod fields in the North Sea.

<sup>d</sup> 2010 included \$1,099 million in Azerbaijan as part of the transaction with Devon Energy.

<sup>e</sup> 2008 included capital expenditure of \$2,822 million in Exploration and Production and an asset exchange of \$1,909 million in Refining and Marketing relating to the formation of an integrated North American oil sands business with Husky Energy Inc.

<sup>f</sup> 2006 included \$1 billion for the purchase of shares in Rosneft.

<sup>g</sup> 2007 included the acquisition of Chevron's Netherlands manufacturing company for \$1,132 million.

<sup>h</sup> Includes capital expenditure of \$557 million for 2010 and \$440 million for 2009 for wind turbines, incurred at the time for future wind projects.



## Employee numbers

	at 31 December				
	2006	2007	2008	2009	2010
<b>By business</b>					
Exploration and Production	21,400	21,800	21,400	21,500	<b>21,100</b>
Refining and Marketing (excluding service station staff)	41,900	42,700	40,300	37,700	<b>37,100</b>
Other businesses and corporate	7,600	9,100	9,100	7,200	<b>6,200</b>
Gulf Coast Restoration Organization	–	–	–	–	<b>100</b>
	70,900	73,600	70,800	66,400	<b>64,500</b>
Service station staff	26,100	24,500	21,200	13,900	<b>15,200</b>
	97,000	98,100	92,000	80,300	<b>79,700</b>
<b>By geographical area</b>					
US	33,700	33,000	29,300	22,800	<b>22,100</b>
Non-US	63,300	65,100	62,700	57,500	<b>57,600</b>
	97,000	98,100	92,000	80,300	<b>79,700</b>

Ratios<sup>a</sup>

	\$ million				
	2006 <sup>c</sup>	2007	2008	2009	2010
<b>Return on average capital employed</b>					
Replacement cost profit (loss)	22,537	18,370	25,593	13,955	<b>(4,914)</b>
Interest expense <sup>b</sup>	467	722	752	467	<b>456</b>
Minority interest	286	324	509	181	<b>395</b>
Adjusted replacement cost profit (loss)	23,290	19,416	26,854	14,603	<b>(4,063)</b>
Non-operating items after taxation	(1,361)	373	796	1,067	<b>25,449</b>
Adjusted replacement cost profit excluding non-operating items	21,929	19,789	27,650	15,670	<b>21,386</b>
Average capital employed (including goodwill)	104,701	117,587	125,506	131,027	<b>138,892</b>
Return on average capital employed (including goodwill and non-operating items)	22.2%	16.5%	21.4%	11.1%	<b>(2.9)%</b>
Average capital employed (excluding goodwill)	94,125	106,694	115,064	121,778	<b>130,373</b>
Return on average capital employed (excluding goodwill and non-operating items)	23.3%	18.5%	24.0%	12.9%	<b>16.4%</b>
<b>Debt ratios</b>					
Gross debt	24,010	31,045	33,204	34,627	<b>45,336</b>
Less: fair value asset (liability) of hedges related to finance debt	298	666	(34)	127	<b>916</b>
Cash and cash equivalents	23,712	30,379	33,238	34,500	<b>44,420</b>
Net debt	2,590	3,562	8,197	8,339	<b>18,556</b>
Equity	21,122	26,817	25,041	26,161	<b>25,864</b>
Debt to debt-plus-equity ratio	85,465	94,652	92,109	102,113	<b>95,891</b>
Debt to debt-plus-equity ratio	22%	24%	27%	25%	<b>32%</b>
Debt to equity ratio	28%	32%	36%	34%	<b>46%</b>
Net debt to net debt-plus-equity ratio	20%	22%	21%	20%	<b>21%</b>
Net debt to equity ratio	25%	28%	27%	26%	<b>27%</b>

<sup>a</sup>The ratios are defined on pages 84 and 85.

<sup>b</sup>Calculated on a post-tax basis using a deemed tax rate equal to the US statutory tax rate.

<sup>c</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## BP shareholding information

### Register of members holding BP ordinary shares as at 31 December 2010

Range of holdings	Number of ordinary shareholders	Percentage of total ordinary shareholders	Percentage of total ordinary share capital
1–200	59,514	18.86	0.02
201–1,000	118,266	37.48	0.30
1,001–10,000	124,516	39.46	1.80
10,001–100,000	11,488	3.64	1.12
100,001–1,000,000	960	0.30	1.72
Over 1,000,000 <sup>a</sup>	809	0.26	95.04
<b>Totals</b>	<b>315,553</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> Includes JPMorgan Chase Bank holding 25.88% of the total ordinary issued share capital (excluding shares held in treasury) as the approved depository for ADSs, a breakdown of which is shown in the table below.

### Register of holders of American depositary shares (ADSs) as at 31 December 2010<sup>a</sup>

Range of holdings	Number of ADS holders	Percentage of total ADS holders	Percentage of total ADSs
1–200	64,433	55.73	0.46
201–1,000	32,209	27.85	1.89
1,001–10,000	17,933	15.51	5.85
10,001–100,000	1,051	0.91	2.18
100,001–1,000,000	11	–	0.21
Over 1,000,000 <sup>b</sup>	1	–	89.41
<b>Totals</b>	<b>115,638</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> One ADS represents six 25-cent ordinary shares.

<sup>b</sup> One of the holders of ADSs represents some 795,382 underlying shareholders.

As at 31 December 2010, there were also 1,630 preference shareholders.

### Beneficial owners as at 31 December 2010<sup>a,b</sup>

By principal area	Percentage of shares in issue		
	Institutions	Individuals	Total
UK	39	5	44
US	25	13	38
Rest of Europe	12	–	12
Rest of World	5	–	5
Miscellaneous <sup>c</sup>	1	–	1
	<b>82</b>	<b>18</b>	<b>100</b>

<sup>a</sup> Reflects the beneficial (underlying) ownership of the shares.

<sup>b</sup> Represents BP's best efforts to determine the domicile of the beneficial (underlying) owners of the group's shares, based on analysis of the year-end share register. Note that institutions include custodians, market makers, delivery by value, brokerage, stocklending, clearing and non-American depository receipt arbitrage.

<sup>c</sup> Miscellaneous represents shareholders below the 100,000-share threshold and unidentified shares. Unidentified shares represent holdings that are awaiting confirmation of the identity of the beneficial holder and the nature of their interest in the shares following enquiries made under Section 793 of the Companies Act 2006.

## BP share data

	2006 <sup>c</sup>	2007	2008	2009	2010
<b>Share price and dividends</b>					
Share price (pence per ordinary share)					
High	723.00	640.00	657.25	613.40	<b>658.20</b>
Low	558.50	504.50	370.00	400.00	<b>296.00</b>
End year	567.50	615.00	526.00	600.00	<b>465.55</b>
Dividends paid (pence per ordinary share)					
First quarter	5.288	5.258	6.813	9.818	<b>8.679</b>
Second quarter	5.251	5.151	6.830	9.584	–
Third quarter	5.324	5.278	7.039	8.503	–
Fourth quarter	5.241	5.308	8.705	8.512	–
	<b>21.104</b>	<b>20.995</b>	<b>29.387</b>	<b>36.417</b>	<b>8.679</b>
Dividends paid (cents per ordinary share)					
First quarter	9.375	10.325	13.525	14.000	<b>14.000</b>
Second quarter	9.375	10.325	13.525	14.000	–
Third quarter	9.825	10.825	14.000	14.000	–
Fourth quarter	9.825	10.825	14.000	14.000	–
	<b>38.400</b>	<b>42.300</b>	<b>55.050</b>	<b>56.000</b>	<b>14.000</b>
ADS price (US dollars per ADS)					
High	76.85	79.77	77.69	60.00	<b>62.38</b>
Low	63.52	58.62	37.57	33.71	<b>26.75</b>
End year	67.10	73.17	46.74	57.97	<b>44.17</b>
Dividends paid (US dollars per ADS)					
First quarter	0.5625	0.6195	0.8115	0.8400	<b>0.8400</b>
Second quarter	0.5625	0.6195	0.8115	0.8400	–
Third quarter	0.5895	0.6495	0.8400	0.8400	–
Fourth quarter	0.5895	0.6495	0.8400	0.8400	–
	<b>2.3040</b>	<b>2.5380</b>	<b>3.3030</b>	<b>3.3600</b>	<b>0.8400</b>
Dividend payout ratio					
Based on replacement cost profit for the year	34%	44%	40%	75%	<b>n/a</b>
Based on profit for the year	34%	39%	49%	63%	<b>n/a</b>
Dividend cover					
Dividend cover out of income <sup>a</sup>	2.93	2.27	2.47	1.33	<b>n/a</b>
Dividend cover out of cash flow <sup>b</sup>	3.67	3.05	3.68	2.64	<b>5.18</b>

<sup>a</sup>Based on replacement cost profit for the year.

<sup>b</sup>Net cash provided by operating activities, divided by gross dividends paid. The calculation is based on the assumption that all dividends are paid in cash.

<sup>c</sup>As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.

## Information for earnings per share

					\$ million
	2006 <sup>b</sup>	2007	2008	2009	2010
<b>Results for the period</b>					
Profit (loss) for the year attributable to BP shareholders	22,315	20,845	21,157	16,578	<b>(3,719)</b>
Less: preference dividend	2	2	2	2	<b>2</b>
Profit (loss) for the year attributable to BP ordinary shareholders	22,313	20,843	21,155	16,576	<b>(3,721)</b>
Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP (net of tax)	16	–	–	–	–
Diluted profit (loss) for the year attributable to BP ordinary shareholders	22,329	20,843	21,155	16,576	<b>(3,721)</b>
Profit (loss) for the year attributable to BP ordinary shareholders, as above	22,313	20,843	21,155	16,576	<b>(3,721)</b>
Inventory holding (gains) losses, net of tax	222	(2,475)	4,436	(2,623)	<b>(1,195)</b>
Replacement cost profit (loss) attributable to ordinary shareholders	22,535	18,368	25,591	13,953	<b>(4,916)</b>
<b>Average number of shares</b>					
Basic weighted average number of shares outstanding (thousand) <sup>a</sup>	20,027,527	19,163,389	18,789,827	18,732,459	<b>18,785,912</b>
ADS equivalent (thousand) <sup>a</sup>	3,337,921	3,193,898	3,131,638	3,122,077	<b>3,130,985</b>
Diluted weighted average number of shares outstanding (thousand) <sup>a</sup>	20,195,458	19,326,875	18,962,517	18,935,691	<b>18,997,807</b>
ADS equivalent (thousand) <sup>a</sup>	3,365,910	3,221,146	3,160,412	3,155,949	<b>3,166,301</b>
Shares in issue at year end (thousand) <sup>a</sup>	19,510,496	18,932,143	18,716,098	18,755,378	<b>18,796,498</b>
ADS equivalent (thousand) <sup>a</sup>	3,251,749	3,155,357	3,119,350	3,125,896	<b>3,132,750</b>
Shares repurchased in the year (thousand)	1,334,363	663,150	269,957	–	–

<sup>a</sup> Excludes treasury shares and the shares held by the Employee Share Ownership Plans and includes certain shares that will be issuable in the future under employee share plans.

<sup>b</sup> As reported in Annual Report on Form 20-F. There was a \$500 million (\$315 million post tax) timing difference between the profit reported under IFRS in the Annual Report and Accounts and the profit reported under IFRS in BP Annual Report on Form 20-F 2006. For further information see BP Annual Report and Accounts 2006.